

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

WYKANUSH VENTURES LLC, *et al.*,

Plaintiffs,

v.

KARSTAN WALKER, *et al.*,

Defendants.

Case No. C21-5710-DGE-MLP

ORDER

On January 12, 2023, the Court issued a minute order directing all parties to file disclosure statements in compliance with newly amended Federal Rule of Civil Procedure 7.1. (Dkt. # 44.) On January 23, 2023, Plaintiffs Wykanush Ventures LLC (“Wykanush”) and TCAIXP LLC (“Eden”) filed disclosures. (Dkt. ## 45-46.)

An unincorporated entity, such as an LLC, “is a citizen of every state of which its owners/members are citizens,’ not the state in which it was formed or does business.” *NewGen, LLC v. Safe Cig, LLC*, 840 F.3d 606, 612 (9th Cir. 2016) (quoting *Johnson v. Columbia Props. Anchorage, LP*, 437 F.3d 894, 899 (9th Cir. 2006)). Moreover, courts must look beyond the first layer of LLC members to determine citizenship, as it is common for an LLC to be a member of another LLC. *Johnson*, 437 F.3d at 894. When an LLC’s members include other unincorporated

1 entities, such as additional LLCs or partnerships, “a [party] must trace through however many
 2 layers of partners or members there may be until the underlying party’s citizenship is
 3 established.” *Asana Partners Fund II REIT 14 LLC v. Heath Family I LLC*, 2020 WL 7241449,
 4 at *2 (W.D. Wash. Dec. 9, 2020).

5 “Diversity jurisdiction requires complete diversity between the parties[.]” *In re Digimarc*
 6 *Corp. Derivative Litig.*, 549 F.3d 1223, 1234 (9th Cir. 2008); *see also Carden v. Arkoma Assoc.*,
 7 494 U.S. 185, 189, 192–197 (1990) (to meet the complete diversity requirement, all partners of
 8 an entity must be diverse from all parties on the opposing side).

9 Wykanush disclosed that it has four members, two of whom are Colorado residents. (Dkt.
 10 # 46 at 2.) Eden disclosed that its sole member is an LLC with two members, one of whom is a
 11 Colorado resident. (Dkt. # 45 at 2.) In their complaint, Plaintiffs alleged that “Defendant Ronald
 12 Yauchzee is a resident of Weld County, Colorado.” (Dkt. # 1 at ¶ 1.6.) Plaintiffs alleged the
 13 Court had “subject matter jurisdiction under 28 U.S.C. § 1332 because there is complete
 14 diversity between the parties[.]” (*Id.* at ¶ 2.1.)

15 Based on the record before the Court, it appears diversity jurisdiction is lacking and no
 16 other basis for jurisdiction has been alleged. Accordingly, Plaintiffs are ORDERED to show
 17 cause by **February 3, 2023**, why this case should not be dismissed for lack of subject matter
 18 jurisdiction.

19 Dated this 24th day of January, 2023.

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21 MICHELLE L. PETERSON
 22 United States Magistrate Judge
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